

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 TRSE-00 INT-08 SCEM-02

SCI-06 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15

ACDA-19 IO-14 DRC-01 /159 W
----- 127494

P R 301630Z NOV 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 5652

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SAN JOSE 4222

E.O. 11652: GDS

TAGS: ENRG, TECH CS

SUBJECT: ENERGY CRISIS -- GOCR ISSUES EMERGENCY

DECREES, BUT LITTLE HOPE FOR FINDING

ADDITIONAL GASOLINE SUPPLIES

REF: (A) SAN JOSE 4180

(B) PANAMA 6421

(C) STATE 229466

1. SUMMARY: ON NOVEMBER 28 THE GOCR ISSUED
TWO DECREES REGULATING SALE OF GASOLINE TO THE PUBLIC AND
PROVIDING THE BASIS FOR DRAWING UP A NATIONAL RATIONING
PLAN. THREE OF THE FOUR FOREIGN DISTRIBUTORS REPRESENTED
HERE HAVE NOW BEEN INFORMED BY THEIR HOME OFFICES THAT
IT WILL BE IMPOSSIBLE TO MEET MINISTER KOGAN'S REQUEST
FOR 25,000 BARRELS OF REFINED GASOLINE EACH. TAXACO,
HOWEVER, HOPES TO BE ABLE TO PROVIDE ONE MORE MONTH ON
ITS SUPPLEMENTAL SUPPLY CONTRACT USING PRODUCT FROM
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PANAMA. END SUMMARY.

2. ON NOVEMBER 28 GOCR ISSUED TWO DECREES
DESIGNED TO HELP WITH THE PRESENT GASOLINE CRISIS.
DECREE # 3398 PROVIDES INTER ALIA THAT NO GASOLINE
WILL BE SOLD AFTER 7:00 PM ON WEEKDAYS AND FROM NOON SATURDAY
UNTIL 6:00 AM MONDAY, THAT GASOLINE CAN ONLY BE DELIVERED
TO VEHICLES (NOT TO JERRY CANS AND OTHER RECEPTICLES),
AND THAT FUEL WOULD NOT BE PROVIDED FOR SPORT CRAFT.
THE SECOND DECREE, #3399, PROVIDES FOR DEVELOPING
A NATIONAL FUEL PLAN BASED ON AVERAGED SALES DURING THE
YEAR ENDING SEPTEMBER 30, 1973. WHILE A SPECIFIC
RATIONING QUOTA IS NOT MENTIONED, THE DECREE
SPECIFIES THAT THE DISTRIBUTORS WILL BE OBLIGATED TO
REDUCE THEIR DELIVERIES TO RETAILER IN THE SAME
PROPORTION IN WHICH RECOPE LIMITS ITS SUPPLY TO THEM.
(PRESUMABLY THIS WOULD PREVENT THE DISTRIBUTORS FROM
PULLING DOWN THEIR INVENTORIES AT A FASTER RATE THAN
REPLENISHMENT.) SALE OF DIESEL TO NATIONAL AND FOREIGN
FISHING BOATS WHOSE CATCH IS NOT DESTINED FOR LOCAL
CONSUMPTION OR INDUSTRIALIZATION IS SPECIFICALLY PROHIBITED.
IN PART THIS SEEMS TO BE DESIGNED TO PREVENT CONTRABAND
EXPORTS OF DIESEL WHICH IS SOLD AT SUBSIDIZED PRICES.

3. WITH REGARD TO MINISTER KOGAN'S REQUEST
MENTIONED IN PARAGRAPH 2 OF REFERENCE A THAT EACH OF
THE FOUR FOREIGN DISTRIBUTORS IMPORT 25,000 BARRELS
OF REFINED GASOLINE FOR BUILDING UP INVENTORIES,
THE THREE AMERICAN DISTRIBUTORS--TEXACO, ESSO
AND CHEVRON--HAVE NOW BEEN TOLD BY HOME OFFICES
THAT THIS CANNOT BE DONE. TEXACO, HOWEVER, WILL
MAKE EVERY EFFORT TO EXTEND ITS SUPPLEMENTAL CONTRACT
FOR REFINED PRODUCT FROM PANAMA ONE ADDITIONAL
MONTH, I.E., UNTIL THE END OF JANUARY. IN CONNECTION
WITH KOGAN'S REQUEST, ALTHOUGH THE MANAGERS OF THE
THREE AMERICAN COMPANIES TOLD THE EMBASSY THAT
KOGAN'S NOVEMBER 27 MEETING WITH THEM WAS AMICABLE,
PRESS ACCOUNTS OF THE MEETING PLAYED THE STORY AS IF
KOGAN HAD DEMANDED THE 25,000 BARREL QUOTA FROM
EACH ALMOST AS A CONDITION FOR CONTINUED OPERATIONS
IN COSTA RICA. KOGAN, HOWEVER, SUBSEQUENTLY
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TELEPHONED THE EMBASSY TO EXPLAIN THAT HE HAD ONLY
REQUESTED A "SYMBOLIC SHIPMENT" TO HELP IMPROVE THE
SITUATION IN A COUNTRY WHERE COMPANIES HAD
BENEFITED FROM MANY YEARS OF BUSINESS.

4. COMMENT: WE BELIEVE THAT KOGAN IS WELL
AWARE OF THE TRUE WORLDWIDE ENERGY SITUATION.
NEVERTHELESS, HE APPEARS QUITE FRANTIC AND HIS STRATEGY

IS UNDOUBTEDLY A "SQUEAKY WHEEL" ONE IN THE BELIEF THAT IF HE MAKES ENOUGH NOISE AND APPLIES THE RIGHT KIND OF PRESSURE THE LARGE COMPANIES WILL INDEED FIND A WAY TO SERVE COSTA RICA'S RELATIVELY SMALL NEEDS. THE DANGER IN THE PRESENT SITUATION IS THAT WHILE KOGAN MAY INTELLECTUALLY UNDERSTAND THE WORLD SITUATION HIS ACTIONS MAY NOT BE RATIONAL. BY SOME TIME ON NOVEMBER 30 KOGAN PROBABLY WILL HAVE RECEIVED REJECTIONS FROM ALL FOUR FOREIGN DISTRIBUTORS OF HIS REQUEST FOR EMERGENCY ASSISTANCE. HE MIGHT WELL USE THIS TO STRIKE OUT PUBLICLY AGAINST THE DISTRIBUTORS, PARTICULARLY THE AMERICAN COMPANIES SINCE RECOPE IS DEPENDENT ON ITS LONG TERM CRUDE CONTRACT WITH SHELL. AT THE SAME TIME WE ARE CONVINCED THAT THE LOCAL MANAGERS ON THE SCENE HAVE DONE THEIR BEST TO DO WHAT THEY COULD FOR COSTA RICA IN THE PRESENT SITUATION. THE TEXACO OFFER TO DO WHAT IT CAN TO EXTEND THE SUPPLEMENTAL CONTRACT ONE ADDITIONAL MONTH SHOULD CERTAINLY EASE A BIT THE PRESSURE ON THAT COMPANY FROM KOGAN AND MIGHT CALM THINGS DOWN IN GENERAL.

5. WHILE WE SUSPECT THE SITUATION IN COSTA RICA IS FURNISHING CONSIDERABLY MORE PYROTECHNICS THAN IN MOST OTHER COUNTRIES, PROBABLY TO SOME DEGREE THE SAME SORT OF STRUGGLE IS GOING ON IN ALL, WITH EACH TRYING TO GET THE BEST FOR ITSELF REGARDLESS OF THE OVERALL SITUATION. WHILE BACKGROUNDERS SUCH AS THAT PROVIDED IN REFERENCE C ARE MOST USEFUL, WE WONDER IF ANY THOUGHT HAS BEEN GIVEN TO BRINGING GOVERNMENTS AND COMPANIES TOGETHER IN THE HEMISPHERE FOR SOME RATIONAL PLAN FOR DEALING WITH THE SITUATION.

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